Message from the President
By Jack Atkin

In the coming weeks we will be launching and an interactive web log (blog) and a new emailed newsletter to better communicate with our members and to more effectively promote our positions with public officials and the public in general on issues of interest to taxpayers.

One challenge in broadcasting any message is the cost. It can be very expensive to purchase advertising or to engage in direct mailing or other forms of mass communication. These methods are simply beyond our budget and therefore unavailable to us on any scale great enough to be effective. To rely on letters to the editor places dissemination of our message in the hands of others, and in Sonoma County those others often hold views that are quite different from our own, and therefore they are less inclined to provide us a meaningful venue for disseminating our message. The internet and email are newer tools that can work to achieve effective communication and at a very reasonable cost. Our plan seeks to take far greater advantage of these tools than we have in the past.

For those of you who do not have ready access to the internet, we still plan to deliver our quarterly printed newsletter in 2009. Eventually it is likely the print newsletter will give way to a more frequent communication tool sent by email. Not only will an emailed newsletter be easier and faster to produce at a far lower cost, it will also allow us to broadcast news and comments more frequently and in direct response to events that require a timely response. We will be experimenting with these new tools in the coming months to find the best way to use them. It’s possible we will send shorter, but more frequent, emailed news in order to respond in a timely fashion to current
events. We also plan to increase our mailing list and to segment that list in order to target audiences, especially public officials, with messages that apply to them. The email newsletter allows us to do that easily.

In many ways a blog is like a website, but a blog offers the opportunity for interaction with readers of the blog, and provides a venue for others to post comments. Through them we hope to stimulate a lively debate on issues important to taxpayers, and in turn to raise awareness of these important topics.

The thing I remember most when I first joined the Taxpayer’s Association was that it was a way to give greater voice to my views of fiscal conservatism than I had as an individual. As I became more involved in the Association I began to appreciate the challenges in broadcasting the message of fiscal responsibility that we believe in. These new initiatives are designed to overcome those obstacles.

**Board of Directors Meetings**

The Board of Directors meets on the third Thursday of the month, except in December when it is dark for the holidays. The meeting starts promptly at noon and adjourns no later than 1:30 p.m. All members and potential members are invited to attend and participate in Association business, as well as listen to interesting speakers on topics of concern to county taxpayers.

**Future Speakers**

**On October 16, 2008 – No Speaker**, we will discuss the State Propositions that will appear on the November 4th ballot.

**On November 20, 2008 – Chris Smith, Columnist for the Santa Rosa Press Democrat.**

**On December 18, 2008 - Dark for the Holidays**
Look for announcements of these meetings on the Association’s web page (www.sonomacountytaxpayers.org) and in the Press Democrat the third week of the month or call or e-mail for the specific date and speaker.

Our guest speaker at the **July 17, 2008** meeting was **Michael Frank, Assistant City Manager and Director of the Administrative Services Department for the City of Santa Rosa.** Mr. Frank has been with the City since January 2005, but has held manage-
ment positions with the cities of Hayward, Palo Alto, Fremont and San Francisco. Mr. Frank’s talk had two parts. First a discussion of the City’s year 2030 Vision and the second the proposed quarter cent sales tax to offset the projected $8 million structural deficit for FY 2008-09. Vision 2030 was started in 2006 with conversations with over 100 community members, 30 local organizations, 150 City managers and various Boards and Commissions. The vision statement indicates that the Santa Rosa of the future will be a vibrant and art-rich regional, financial, cultural and culinary center with unparalleled urban beauty where diverse residents and visitors walk, bike and recreate in thriving multicultural neighborhoods and breathtaking stretches of open space, creeks and greenway. According to Mr. Frank the vision consists of multiple activities including; creating a vital downtown which would feature a Performing Arts Center, enhanced Creek Walk, consolidating Courthouse Square with a revived 4th Street and connections with Railroad Square. Creating a multicultural village on Sebastopol Road, expanding Open-Space and creating multi-service parks, enhancing Santa Rosa Avenue by developing mixed use areas, building a more inclusive community for Santa Rosa seniors and growing ethnic populations. The initiative also includes connecting Santa Rosa Junior College and Coddingtontown. Finally, creating appealing transportation alternatives including SMART and trolley service both north and south along Santa Rosa and Mendocino Avenues and East and West along 3rd Street to Montgomery Drive. When Mr. Frank was asked about the cost of this vision and how it would be financed, his response was that financing was not part of the Vision study. “This is a pure development vision”. Mr. Frank also indicated that because of the City’s budget crisis any implementation of the Vision is on the back burner.

With reference to the proposed quarter cent sales tax increase that is being considered by the City Council, a poll was taken which indicates that a sales tax would be acceptable to the taxpayers. Mr. Frank indicated that the City is projecting a $8 million structural budget deficit in FY 2008-09. This sales tax would generate $7 million annually. The City claims it is in need of new revenues because sales and property tax revenue are weak due to the poor economy and the State government’s fiscal problems. Mr. Frank stated that in FY 2008-09 the City has reduced its budget by $5 million and management staff have agreed to defer a two percent raise for six months. Additionally, it was claimed that for the last 10 years the City has not funded any infrastructure projects. One of our Directors stated if the managers of Santa Rosa would agree to a four percent reduction in salary it would reduce the structural deficit and show good faith with the taxpayers so that they would seriously consider a tax increase.

There was no guest speaker at the August 21, 2008 meeting. The meeting was devoted to discussing and developing positions on eight local measures that will be on the November 4, 2008 ballot. These local measures and the Board of Directors recommended position are presented later in this newsletter.

The speaker September 18, 2008 meeting was John Brown who is Petaluma’s new City Manager. Mr. Brown joined Petaluma’s city government in June of this year. He has 25 years of experience in local government. His last assignment before coming to Petaluma was as City Manager of Woodburn, Oregon where he spent the last ten years. He has a very strong background in government budgeting and finances.
Mr. Brown informed us that Petaluma is a full service city with the exception of utilities and garbage collection. He believes that the 57,000 residents are fully engaged in the City’s affairs. Currently, the City employs 362 full time equivalents. Salaries and benefits make up the largest percentage (80%) of the City’s general fund. City employees are represented by ten bargaining units. The City is currently re-negotiating a contract with the public safety units. The majority of the $166 million annual budget is made-up of $40.3 million in the general fund and $41 million in the capital fund. Recently the Council approved $20 million general fund provisional budget. This was due to a realization that the budget deficit for this fiscal year could be as high as $4.5 million. There are studies going on to reduce the deficit to a manageable level. Mr. Brown recommended a reduction in staff at the Community Development department. There has not been any development in two years. He has also asked all department heads to present programmatic reductions to help absorb some of the deficit. The City is also looking at proposals to cut the employe work week with commensurate pay reductions and have employees pick-up a greater percentage of their health and retirement benefits costs. Mr. Brown indicated that the future is not clear for Petaluma. Sales tax and property tax revenues are down. If Measure K, roll back of water and sewage rates, is passed it would cause additional fiscal hardship for the City. Although the City’s General Plan is now complete it will prove a challenge for the Council and City Management to implement. Mr. Brown indicated that he and his staff are working hard to reduce expenditures and that currently no new taxes are planned.

Local Ballot Measures
November 4, 2008 Election

Measure J  Bellevue Union Elementary School District Facilities Bond.
This school district is proposing the sale of up to $19 million in bonds to provide for new and upgraded facilities. The District, located in south Santa Rosa, estimates it will cost property owners $19 per $100,000 of assessed valuation to pay for the 30 year bond. A facilities needs assessment indicated $33 million is needed in facilities. The District currently has $25 million in bonding capacity.

Board of Directors Recommendation: Vote YES, with the proviso that the District establish a reserve set aside specifically to provide for future repairs to facilities.

Reason: This is one of the few school districts with a growing student population. Most buildings are old and run-down. Land is available for new facilities. The District has listed all proposed projects. The District has unused bonding capacity.

Measure K  Requires City of Petaluma to Reduce its Water & Sewer Rates.
This is a citizen backed initiative to reduce Petaluma’s Water and Sewer rates to the January 1, 2006 level. Because households and businesses are cutting back on water use rates are going up to pay for lost revenue.

Board of Directors Recommends: a NO vote with the proviso that 1. In future annual audits the City will agree to an independent review of the appropriateness of allocating administrative and overhead costs to each of the City’s utilities and 2. In the future the City shall agree to comply with the EPA model revenue program as it relates to the division of costs and charges between current users and new development as well as between residents and various categories of commercial customers.

Reason: Proponents have not made a compelling argument. There would be a 20 percent cut in Petaluma’s operating budget. Lawsuits from contractors over stopped work at the City’s new $110 million sewerage treatment facility and a shredded credit rating would
result from passage of the Measure.

**Measure L  Requires City of Rohnert Park to Reduce Sewer Rates.**
This is a citizens backed initiative to reduce Rohnert Park’s Sewer rates to January 1, 2006 level.
*Board of Directors Recommendations: Vote NO.*
*Reason: City officials say the rate increases are necessary to pay the City’s share of the Santa Rosa regional treatment system, including the 40 mile, $220 million pipeline to The Geysers. The rollback would cost the city $1.6 million in revenues the first year and $3.4 million the second, wiping out the system’s operating reserves.*

**Measure M  City of Sebastopol Utility Users Tax Increase.**
The City of Sebastopol is proposing a four percent users tax (UUT) on Gas and Electric services to provide deficit revenues for their General Fund.
*Board of Directors Recommends: Vote NO.*
*Reason: The four percent tax applies to both residential and commercial. Since commercial is a larger user of gas & electric there is no provision for a cap on their bill. Asking for new taxes when the economy is in trouble and families are struggling is a bad idea.*

**Measure N  Windsor’s Transient Occupancy Tax Increase.**
Windsor is asking voters to approve an increase in the Transient Occupancy Tax (Hotel Tax) from 8% to 12% to help pay for services.
*Board of Directors Recommendation: Vote NO.*
*Reason: It is a tax increase in tough economic times. Windsor considers this tax a “debt owed by the transient to the Town”. Visitors are already paying sales taxes to the local community, why should they be overburdened by a tax on top of another tax.*

**Measure O  Gold Ridge Fire Protection District Special Tax.**
The Gold Ridge Fire Protection District is requesting a special tax of $45 on all improved parcels of real property in its District to pay for increased costs of providing emergency services.
*Board of Directors Recommendation: Vote YES.*

**Measure P  Sonoma Valley Hospital District’s General Obligation Bond.**
The District is asking the voters to approve a $35 million 21 year general obligation bond. It will cost property owners $15.49 per $100,000 of assessed value.
*Board of Directors Recommendation: Vote YES.*
*Reason: Continued emergency room services and a new central utility plant, as well as other upgrades to existing facilities. No monies will be spent on a new facility.*

**Measure Q  SMART District Quarter Cent Sales Tax.**
The District is once again proposing a quarter cent sales tax for 20 years to build, maintain and operate a commuter train that would run from Cloverdale to Larkspur. The sales tax is estimated to raise $890 million and fares are estimate to raise $137 million. However the total cost for the 20 year project is between $1.4 and $1.6 billion.
*Board of Directors Recommends: Vote NO.*
*Reason: The commuter train is expensive, carries relatively few people, does not substantially reduce traffic...*
congestion on Highway 101, it is not convenient, does not significantly reduce global warming and does not take people directly where they want to go.

State Propositions
November 4, 2008 Election

Proposition 1 – High Speed Rail Bond - The State wants to build a high speed train system and improve existing passenger rail lines serving the state’s major population centers by issuing bonds totaling $9.95 billion. The bonds would be paid from existing state funds at an average cost of $647 million per year for 30 years. Fiscal impact: State cost of $19.4 billion over 30 years to pay principal and interest costs of the bonds. Unknown operations and maintenance costs, probably over $1 billion annually; at least partially offset by passenger fares, depending on ridership and private investments.

Board of Directors Recommendation: Vote NO.
Reason: This is a very expensive system and during this economic downturn the State does not need more debt.

Proposition 2 – Standards for Confining Farm Animals – Requires that certain farm animals be allowed to fully extend their limbs or wings, stand up and turn around. Fiscal impact: Potential unknown, possible decrease in state and local tax revenue from farm businesses. Potential minor local and state enforcement and prosecution costs offset by increased fine revenue.

Board of Directors Recommendation: Vote NO.
Reason: It would negatively affect poultry business in Sonoma County, thereby resulting in shifting tax burden to other taxpayers.

Proposition 3 – Children’s Hospital Bond Act – Authorizes $980 million general obligation bond for construction, expansion, remodeling, renovation, furnishing and equipping of eligible children’s hospitals. Fiscal impact: State cost of about $2 billion over 30 years to pay off principal and interest costs. Payments of about $64 million a year.

Board of Directors Recommendation: Vote NO.
Reason: State finances needs to be brought under control before adding more debt.

Proposition 4 – Waiting Period and Parental Notification – Changes Constitution prohibiting abortion for minors until 48 hours after physicians notifies minor’s parent(s) or legal guardian. There will be a waiver for medical emergency. Fiscal impact: Potential unknown net state costs.

Board of Directors Recommendation: No Position.
Reason: This is a social not a tax issue.

Proposition 5 – Nonviolent Drug Offences, Sentencing, Parole and Rehabilitation - Allocates $460 million annually to improve and expand treatment programs. Limits court authority to incarcerate offenders who commit certain drug crimes, break drug treatment rules or violate parole. Fiscal impact: Increased state costs potentially exceeding $1 billion annually on correction operations. Net one time state prison capital outlay savings potentially exceeding $2.5 billion

Board of Director Recommendation: Vote NO.
Reason: Increases State costs by over $1 billion annually and creates a 19 member board to develop policy.

Proposition 6 – Police and Law Enforcement Funding, Criminal Penalties and Laws
Requires minimum of $695 million of state funding each year for police and local law enforcement. Makes approximately 30 revisions to State criminal law. Many of which cover gang related offenses. Revisions create multiple new crimes and additional penalties, some with the potential of new life sentences. Fiscal impact: Increased net state costs exceeding $500 million annually due to increasing spending on criminal justice programs to at least $965 million and for corrections operating costs. Potential one-time state prison capital outlay costs exceeding $500 million.

Board of Directors Recommendation: Vote NO.
Reason: Currently, the State cannot afford this expenditure.
Proposition 7 – Renewable Energy Generation – Requires government-owned utilities to generate 20% of their electricity from renewable energy by 2010, a standard currently applicable to private electrical corporations. Raises requirement for all utilities to 40% by 2020 and 50% by 2025. Fiscal impact: Increased state administrative costs up to $3.4 million annually, paid by fees. Unknown impact on state and local government costs and revenues due to the measure’s uncertain impact on retail electricity rates.

Board of Directors Recommendation: Vote NO.
Reason: Let the market allocate resources. Free enterprise can do a better job than government.

Proposition 8 – Eliminates Right of Same –Sex Couples to Marry - Changes State Constitution to eliminate the right of same-sex couples to marry. Provides that only marriage between a man and a woman is valid or recognized in California.

Board of Directors Recommendation: No Position.
Reason: This is a social not a tax issue.

Proposition 9– Criminal Justice System, Victim’s Rights, Parole - Requires notification to victims and opportunity for input during phases of criminal justice process, including bail, pleas, sentencing and parole. Establishes victim safety as consideration for bail or parole.

Board of Directors Recommendation: No Position.
Reason: This is a social not a tax issue.

Proposition 10 – Alternative Fuel Vehicles and Renewable Energy Bonds – Authorizes $5 billion in bonds paid from the state’s general fund to help consumers and others purchase certain vehicles and to fund research in renewable energy and alternative fuel vehicles. Fiscal impact: State cost of about $10 billion over 30 years to repay bonds. Increased state and local revenues potentially totaling several tens of millions of dollars through 2019. Potential state administrative costs up to about $10 million annually.

Board of Directors Recommendation: Vote NO.
Reason: The taxpayers should not be paying for something that private industry is better prepared to invest in. The State can’t afford it.

Proposition 11 – Redistricting - Changes authority for establishing state office boundaries from elected representatives (Assembly, Senate & Board of Equalization) to commission. Established multilevel process to select commissioners from registered voter pools. The Commission would be comprised of 5 Democrats, 5 Republicans, and 4 representatives of neither party. Fiscal impact: Potential increase in state redistricting costs once every ten years due performing redistricting. Any increase in costs probably would not be significant.

Board of Directors Recommendation: Vote YES.
Reason: Although the proposition does not have a direct relation to taxes, having competitive elections is a way of reforming dysfunctional state government and can affect changes in tax policies.

Proposition 12 – Veteran’s Bond Act of 2008 – This act provides for a bond issue of $900 million to provide farm and home aid to California veterans. Average payment for principal and interest of is about $59 million per year for 30 years.

Board of Directors Recommendation: Vote YES.
Reason: Cost of about $1.8 billion to pay off both principal and interest; however costs paid by participating veterans not the taxpayers.
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